

108TH CONGRESS
1ST SESSION

H. R. 2803

To establish the Office of Housing Finance Oversight in the Department of the Treasury to ensure the financial safety and soundness of Fannie Mae, Freddie Mac, and the Federal home loan banks.

IN THE HOUSE OF REPRESENTATIVES

JULY 21, 2003

Mr. ROYCE introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To establish the Office of Housing Finance Oversight in the Department of the Treasury to ensure the financial safety and soundness of Fannie Mae, Freddie Mac, and the Federal home loan banks.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Housing Finance Regulatory Restructuring Act of
6 2003”.

7 (b) TABLE OF CONTENTS.—

Sec. 1. Short title and table of contents.

TITLE I—REGULATION OF FEDERAL HOUSING ENTERPRISES
AND FEDERAL HOME LOAN BANKS

- Sec. 101. Establishment of Office of Housing Finance Oversight.
- Sec. 102. Financial safety and soundness of enterprises.
- Sec. 103. Charter compliance of enterprises.
- Sec. 104. Supervision of Federal Home Loan Bank System.
- Sec. 105. Amendments to title 5, United States Code.
- Sec. 106. Financial Institutions Examination Council.
- Sec. 107. Effective date.

TITLE II—TRANSFER OF FUNCTIONS, PERSONNEL, AND
PROPERTY

- Sec. 201. Abolishment of OFHEO and Federal Housing Finance Board.
- Sec. 202. Continuation and coordination of certain regulations.
- Sec. 203. Transfer and rights of employees of abolished agencies.
- Sec. 204. Transfer of property and facilities.

1 TITLE I—REGULATION OF FED-
2 ERAL HOUSING ENTERPRISES
3 AND FEDERAL HOME LOAN
4 BANKS

5 SEC. 101. ESTABLISHMENT OF OFFICE OF HOUSING FI-
6 NANCE OVERSIGHT.

7 (a) IN GENERAL.—Part 1 of Subtitle A of title XIII
8 of the Housing and Community Development Act of 1992
9 is amended by striking sections 1311 and 1312 (12 U.S.C.
10 4511, 4512) and inserting the following new sections:

11 “SEC. 1311. ESTABLISHMENT OF OFFICE OF HOUSING FI-
12 NANCE OVERSIGHT.

13 “(a) ESTABLISHMENT.—There is established the Of-
14 fice of Housing Finance Oversight, which shall be a bu-
15 reau in the Department of the Treasury. The Office shall
16 succeed to the authority of the Director of the Office of
17 Federal Housing Enterprise Oversight of the Department

1 of Housing and Urban Development and the Federal
2 Housing Finance Board, and the general regulatory and
3 any other authority of the Secretary of Housing and
4 Urban Development with respect to the enterprises (except
5 as specifically provided otherwise in this Act).

6 “(b) PROHIBITION OF MERGER OF OFFICE.—Not-
7 withstanding any other provision of this law, the Secretary
8 of the Treasury may not merge or consolidate the Office,
9 or any of the functions or responsibilities of the Office,
10 with any other office or bureau of the Department of the
11 Treasury or with any other function or program adminis-
12 tered by the Secretary.

13 **“SEC. 1312. DIRECTOR.**

14 “(a) ESTABLISHMENT OF POSITION.—

15 “(1) IN GENERAL.—There is established the po-
16 sition of the Director of the Office of Housing Fi-
17 nance Oversight, who shall be the head of the Office
18 of Housing Finance Oversight and shall be subject
19 to the general oversight of the Secretary of the
20 Treasury.

21 “(2) AUTHORITY TO PRESCRIBE REGULA-
22 TIONS.—The Director may prescribe such regula-
23 tions and issue such orders as the Director may de-
24 termine to be necessary for carrying out this Act
25 and the functions assigned to the Director under the

1 Federal National Mortgage Association Charter Act
2 and the Federal Home Loan Mortgage Corporation
3 Act.

4 “(3) AUTONOMY OF DIRECTOR.—The Secretary
5 of the Treasury may not intervene in any matter or
6 proceeding before the Director (including agency en-
7 forcement actions) unless otherwise specifically pro-
8 vided by law.

9 “(4) RULEMAKING.—The Secretary of the
10 Treasury may not delay or prevent the issuance of
11 any rule or the promulgation of any regulation by
12 the Director.

13 “(b) APPOINTMENT; TERM.—

14 “(1) APPOINTMENT.—The Director shall be ap-
15 pointed by the President, by and with the advice and
16 consent of the Senate, from among individuals who
17 are citizens of the United States.

18 “(2) TERM.—The Director shall be appointed
19 for a term of 5 years.

20 “(3) VACANCY.—A vacancy in the position of
21 Director which occurs before the expiration of the
22 term for which a Director was appointed shall be
23 filled in the manner established in paragraph (1)
24 and the Director appointed to fill such vacancy shall
25 be appointed only for the remainder of such term.

1 “(4) SERVICE AFTER END OF TERM.—An indi-
2 vidual may serve as Director after the expiration of
3 the term for which appointed until a successor Di-
4 rector has been appointed.

5 “(5) TRANSITIONAL PROVISION.—Notwith-
6 standing paragraphs (1) and (2), the Director of the
7 Office of Federal Housing Enterprise Oversight of
8 the Department of Housing and Urban Development
9 on the effective date under section 107 of the Hous-
10 ing Finance Regulatory Restructuring Act of 2003
11 shall be the Director until the date on which that in-
12 dividual’s term as Director of the Office of Federal
13 Housing Enterprise Oversight would have expired.

14 “(c) PROHIBITION ON FINANCIAL INTERESTS.—The
15 Director shall not have a direct or indirect financial inter-
16 est in any enterprise, any member of any Federal home
17 loan bank, or any holding company of any such member.

18 “(d) DEPUTY DIRECTORS.—

19 “(1) IN GENERAL.—The Office shall have two
20 Deputy Directors. An individual may not be ap-
21 pointed as Deputy Director if the individual has
22 served as an executive officer or director of an enter-
23 prise, a Federal home loan bank, or a member of a
24 Federal home loan bank at any time during the 3-
25 year period ending upon the appointment of such in-

1 dividual as Deputy Director. In the event of the
2 death, resignation, sickness, or absence of the Direc-
3 tor, the Deputy Director for Safety and Soundness
4 shall serve as acting Director until the return of the
5 Director or the appointment of a successor pursuant
6 to subsection (b).

7 “(2) DEPUTY DIRECTOR FOR SAFETY AND
8 SOUNDNESS.—One of the Deputy Directors referred
9 to in paragraph (1) shall be the Deputy Director for
10 Safety and Soundness, who shall be appointed by
11 the Director from among individuals who are citi-
12 zens of the United States and have a demonstrated
13 understanding of finance. The Director shall assign
14 to the Deputy Director for Safety and Soundness all
15 functions, powers, and duties of the Director—

16 “(A) with respect to the enterprises,
17 that—

18 “(i) before the effective date of the
19 Housing Finance Regulatory Restructuring
20 Act of 2003, were functions, powers, or du-
21 ties of the Director of the Office of Federal
22 Housing Enterprise Oversight of the De-
23 partment of Housing and Urban Develop-
24 ment; or

1 “(ii) are primarily related to the duty
2 under section 1313; and

3 “(B) with respect to the Federal home
4 loan banks, that—

5 “(i) before the effective date of the
6 Housing Finance Regulatory Restructuring
7 Act of 2003, were functions, powers, or du-
8 ties of the Federal Housing Finance
9 Board; or

10 “(ii) are related to the supervision,
11 regulation, or oversight of the Federal
12 home loan banks.

13 “(3) DEPUTY DIRECTOR FOR HOUSING ENTER-
14 PRISE CHARTER COMPLIANCE.—One of the Deputy
15 Directors referred to in paragraph (1) shall be the
16 Deputy Director for Housing Enterprise Charter
17 Compliance, who shall be appointed by the Director
18 from among individuals who are citizens of the
19 United States and have a demonstrated under-
20 standing of finance. The Director shall assign to the
21 Deputy Director for Housing Enterprise Charter
22 Compliance all functions, powers, and duties of the
23 Director with respect to the enterprises that—

24 “(A) before the effective date of the Hous-
25 ing Finance Regulatory Restructuring Act of

1 2003, were the functions, powers, or duties of
2 the Secretary of Housing and Urban Develop-
3 ment; or

4 “(B) are primarily related to compliance of
5 the enterprises with their chartering Acts.

6 “(e) DELEGATION AUTHORITY.—

7 “(1) IN GENERAL.—Subject only to the limita-
8 tions in subsection (d) and paragraph (2) of this
9 subsection, the Director may delegate to any em-
10 ployee, representative, or agent any power of the Di-
11 rector.

12 “(2) LIMITATION.—Notwithstanding paragraph
13 (1), the Director shall not, directly or indirectly,
14 after October 10, 1989, delegate to any Federal
15 home loan bank or to any officer, director, or em-
16 ployee of a Federal home loan bank, any power in-
17 volving examining, supervising, taking enforcement
18 action with respect to, or otherwise regulating any
19 savings association, savings and loan holding com-
20 pany, or other person subject to regulation by the
21 Director.”.

22 (b) APPOINTMENT OF DIRECTOR.—Notwithstanding
23 the effective date under section 107 or any other provision
24 of law, the President may, at any time after the date of
25 the enactment of this Act, appoint an individual to serve

1 as the Director of the Office of Housing Finance Over-
2 sight in accordance with the provisions of the amendment
3 made by subsection (a) of this section.

4 (c) PERSONNEL.—Section 1315 of the Housing and
5 Community Development Act of 1992 (12 U.S.C. 4515)
6 is amended—

7 (1) in subsection (a)—

8 (A) by striking “The” and inserting “Sub-
9 ject to title II of the Housing Finance Regu-
10 latory Restructuring Act of 2003, the”; and

11 (B) by adding at the end the following new
12 sentence: “Notwithstanding any other provision
13 of this section, in no event shall the Director
14 delegate any function to any employee, adminis-
15 trative unit of any Federal home loan bank, or
16 joint office of the Federal Home Loan Bank
17 System.”;

18 (2) in subsection (d)—

19 (A) in the subsection heading, by striking
20 “HUD” and inserting “DEPARTMENT OF THE
21 TREASURY”; and

22 (B) by striking “Housing and Urban De-
23 velopment” and inserting “the Treasury”; and

24 (3) by striking subsection (f).

1 (d) FUNDING.—Section 1316 of the Housing and
2 Community Development Act of 1992 (12 U.S.C. 4516)
3 is amended—

4 (1) by striking subsection (a) and inserting the
5 following new subsection:

6 “(a) ANNUAL ASSESSMENTS.—

7 “(1) DIRECTOR.—The Director shall establish
8 and collect from the enterprises annual assessments
9 in an amount not exceeding the amount sufficient to
10 provide for reasonable costs and expenses of the Di-
11 rector, with respect to regulation and supervision of
12 the enterprises, including the expenses of any exami-
13 nations under section 1317 and the expenses of ob-
14 taining any reviews under section 1319.

15 “(2) SECRETARY OF HUD.—The Secretary of
16 Housing and Urban Development shall establish and
17 collect from the enterprises annual assessments in
18 an amount not exceeding the amount sufficient to
19 provide for reasonable costs and expenses of the De-
20 partment of Housing and Urban Development in
21 carrying out the responsibilities of the Secretary of
22 Housing and Urban Development under this sub-
23 title, the Federal National Mortgage Association
24 Charter Act, and the Federal Home Loan Mortgage
25 Corporation Act.”;

1 (2) in subsection (b)—

2 (A) in paragraph (1)—

3 (i) by inserting “and to the Secretary
4 of Housing and Urban Development” after
5 “Director”;

6 (ii) by inserting “paragraph (1) and
7 (2), respectively, of” before “subsection
8 (a)”; and

9 (iii) by inserting “under such para-
10 graph” after “total annual assessment”;
11 and

12 (B) in paragraph (2)—

13 (i) by striking “The annual assess-
14 ment” and inserting “Each of the annual
15 assessments pursuant to paragraphs (1)
16 and (2) of subsection (a)”; and

17 (ii) by realigning paragraph (2) two
18 ems from the left margin, so as to align
19 the left margin of such paragraph with the
20 left margins of paragraphs (1) and (3);

21 (3) in subsection (c)—

22 (A) by inserting “for an assessment under
23 subsection (a)(1) that are” after “The semi-
24 annual payments”; and

1 (B) by adding at the end the following new
2 sentence: “The Director may adjust the
3 amounts of any semiannual assessments for an
4 assessment under subsection (a)(1) that are to
5 be paid pursuant to subsection (b) by an enter-
6 prise, as necessary in the discretion of the Di-
7 rector, to ensure that the costs of enforcement
8 activities under subtitles B and C for an enter-
9 prise are borne only by that enterprise.”;
10 (4) in subsection (d)—

11 (A) by inserting “by the Director or by the
12 Secretary of Housing and Urban Development”
13 before “from an enterprise”; and

14 (B) by inserting “by the Director or by the
15 Secretary of Housing and Urban Development,
16 as applicable,” before “for the following year”;

17 (5) by striking subsection (f) and inserting the
18 following new subsection:

19 “(f) FUND.—

20 “(1) ESTABLISHMENT.—There is established in
21 the Treasury of the United States a fund to be
22 known as the Federal Housing Enterprises Over-
23 sight Fund.

1 “(2) DEPOSITS.—Notwithstanding any other
2 provision of law, the following amounts shall be de-
3 posited in the Fund:

4 “(A) DIRECTOR’S ASSESSMENTS ON EN-
5 TERPRISES.—Any assessments collected by the
6 Director from the enterprises pursuant to this
7 section, which shall be deposited in an account
8 of the Director for the enterprises.

9 “(B) DIRECTORS ASSESSMENTS ON FED-
10 ERAL HOME LOAN BANKS.—Any receipts of the
11 Director derived from assessments levied upon
12 the Federal home loan banks pursuant to sec-
13 tion 18(b) of the Federal Home Loan Bank Act
14 and from other sources (other than receipts
15 from the sale of consolidated Federal home loan
16 bank bonds and debentures issued under section
17 11 of such Act), which shall be deposited in an
18 account of the Director for the Federal home
19 loan banks.

20 “(C) SECRETARY’S ASSESSMENTS ON EN-
21 TERPRISES.—Any amounts collected by the Sec-
22 retary of Housing and Urban Development,
23 which shall be deposited in an account of such
24 Secretary.

1 “(3) AVAILABILITY.—Any amounts in the Fund
2 are hereby made available, without fiscal year limita-
3 tion, as follows:

4 “(A) DIRECTOR’S RESPONSIBILITIES FOR
5 ENTERPRISES.—To the Director, to the extent
6 of amounts in the Director’s account estab-
7 lished pursuant to paragraph (2)(A), for car-
8 rying out the supervisory and regulatory re-
9 sponsibilities of the Director, with respect to
10 the enterprises, including any necessary admin-
11 istrative and nonadministrative expenses of the
12 Director in carrying out the purposes of this
13 title, the Federal National Mortgage Associa-
14 tion Charter Act, and the Federal Home Loan
15 Mortgage Corporation Act.

16 “(B) DIRECTOR’S RESPONSIBILITIES FOR
17 FEDERAL HOME LOAN BANKS.—To the Direc-
18 tor, to the extent of amounts in the Director’s
19 account established pursuant to paragraph
20 (2)(B), for carrying out the supervisory and
21 regulatory responsibilities of the Director, with
22 respect to the Federal home loan banks.

23 “(C) SECRETARY’S RESPONSIBILITIES FOR
24 ENTERPRISES.—To the Secretary of Housing
25 and Urban Development, to the extent of

1 amounts in the Secretary's account established
2 pursuant to paragraph (2)(C), for carrying out
3 the regulatory responsibilities of the Secretary,
4 with respect to the enterprises.”; and
5 (6) in subsection (g)—

6 (A) by striking paragraphs (1) and (2) and
7 inserting the following new paragraphs:

8 “(1) FINANCIAL OPERATING PLANS AND FORE-
9 CASTS.—Before the beginning of each fiscal year—

10 “(A) the Director shall submit a copy of
11 the financial operating plans and forecasts for
12 the Director, with respect to regulation and su-
13 pervision of the enterprises, to the Secretary of
14 the Treasury and the Director of the Office of
15 Management and Budget; and

16 “(B) the Secretary of Housing and Urban
17 Development shall submit, to the Director, a
18 copy of the financial operating plans and fore-
19 casts for the Department of Housing and
20 Urban Development, with respect to responsibil-
21 ities and activities of the Secretary under this
22 subtitle.

23 “(2) REPORTS OF OPERATIONS.—As soon as
24 practicable after the end of each fiscal year and each
25 quarter thereof—

1 “(A) the Director shall submit a copy of
 2 the report of the results of the operations of the
 3 Director, with respect to regulation and super-
 4 vision of the enterprises, during such period to
 5 the Secretary of the Treasury and the Director
 6 of the Office of Management and Budget; and

7 “(B) the Secretary of Housing and Urban
 8 Development shall submit, to the Director, a re-
 9 port of the results of the operations of the De-
 10 partment of Housing and Urban Development,
 11 with respect to responsibilities and activities of
 12 the Secretary under this subtitle.”; and

13 (B) in paragraph (3)—

14 (i) by striking “(A)”;

15 (ii) by striking “, and (B)” and in-
 16 serting the following: “. The annual plans,
 17 forecasts, and reports required under para-
 18 graphs (1)(B) and (2)(B) shall be in-
 19 cluded”; and

20 (iii) by inserting “of Housing and
 21 Urban Development” before the period at
 22 the end.

23 (e) PUBLIC DISCLOSURE OF FINAL ORDERS AND
 24 AGREEMENTS.—Section 1319C of the Housing and Com-

1 munity Development Act of 1992 (12 U.S.C. 4522) is
2 amended—

3 (1) in subsection (a)—

4 (A) in paragraph (1), by inserting “or the
5 Federal home loan banks, as the case may be”
6 before the semicolon; and

7 (B) in paragraph (2), by inserting “or
8 under the authority of the Director under the
9 Federal Home Loan Bank Act” after “subtitle
10 C”;

11 (2) in subsection (c), by inserting “or the Fed-
12 eral home loan banks” after “the enterprise”; and

13 (3) in subsection (e), by inserting “or under the
14 authority of the Director under the Federal Home
15 Loan Bank Act” before the period at the end.

16 (f) LIMITATION ON SUBSEQUENT EMPLOYMENT.—
17 Section 1319D of the Housing and Community Develop-
18 ment Act of 1992 (12 U.S.C. 4523) is amended by insert-
19 ing “or any Federal home loan bank” after “an enter-
20 prise”.

21 (g) INFORMATION, RECORDS, AND MEETINGS.—Sec-
22 tion 1319F of the Housing and Community Development
23 Act of 1992 (12 U.S.C. 4525) is amended by striking
24 “Code” and all that follows through “agencies” and in-
25 serting “Code, the Office shall be considered an agency”.

1 (h) REGULATIONS.—Section 1319G of the Housing
2 and Community Development Act of 1992 (12 U.S.C.
3 4526) is amended by striking subsection (a) and inserting
4 the following new subsection:

5 “(a) AUTHORITY.—The Director shall issue any reg-
6 ulations and orders necessary to carry out the duties of
7 the Director and to carry out this title and the responsibil-
8 ities of the Director under the Federal National Mortgage
9 Association Charter Act, the Federal Home Loan Mort-
10 gage Corporation Act, and the Federal Home Loan Bank
11 Act and to ensure that the purposes of this title and such
12 Acts are accomplished.”.

13 (i) DEFINITIONS.—Section 1303 of the Housing and
14 Community Development Act of 1992 (12 U.S.C. 4502)
15 is amended—

16 (1) in paragraph (5), by striking “Office of
17 Federal Housing Enterprise Oversight of the De-
18 partment of Housing and Urban Development” and
19 inserting “Office of Housing Finance Oversight of
20 the Department of the Treasury”;

21 (2) in paragraphs (8), (10), and (19), by strik-
22 ing “Secretary” each place such term appears and
23 inserting “Director”;

24 (3) in paragraph (14), by striking “Office of
25 Federal Housing Enterprise Oversight of the De-

1 partment of Housing and Urban Development” and
 2 inserting “Office of Housing Finance Oversight of
 3 the Department of the Treasury”;

4 (4) by striking paragraph (15); and

5 (5) by redesignating paragraphs (16) through
 6 (19) as paragraphs (15) through (18), respectively.

7 **SEC. 102. FINANCIAL SAFETY AND SOUNDNESS OF ENTER-**
 8 **PRISES.**

9 (a) IN GENERAL.—Subtitle A of title XIII of the
 10 Housing and Community Development Act of 1992 (12
 11 U.S.C. 4513) is amended—

12 (1) in section 1313 (12 U.S.C. 4513)—

13 (A) by striking the section designation and
 14 section heading and all that follows through the
 15 end of subsection (d) and inserting the fol-
 16 lowing:

17 **“SEC. 1313. FINANCIAL SAFETY AND SOUNDNESS DUTY.**

18 “(a) DUTY.—It shall be the duty of the Director to
 19 ensure that the enterprises and the Federal home loan
 20 banks are adequately capitalized and operating safely, in
 21 accordance with this title.”;

22 (B) in subsection (e), by inserting “of the
 23 Treasury” after “Secretary”;

24 (C) by redesignating subsection (e) as sub-
 25 section (b); and

1 (D) by adding at the end the following new
2 subsections:

3 “(b) ENFORCEMENT AUTHORITY.—In addition to
4 any other authority of the Director to take an enforcement
5 or remedial action with respect to an enterprise or a Fed-
6 eral home loan bank, the Director may issue cease-and-
7 desist orders, temporary cease-and-desist orders (includ-
8 ing orders to take affirmative action), and suspension and
9 removal orders, and assess civil money penalties, with re-
10 spect to the enterprises and the Federal Home Loan
11 Banks to the same extent and under the same procedures
12 and conditions as the appropriate Federal banking agen-
13 cies are authorized under section 8 of the Federal Deposit
14 Insurance Act (12 U.S.C. 1818) with respect to insured
15 depository institutions.

16 “(c) SAFETY AND SOUNDNESS STANDARDS.—The
17 Director shall prescribe safety and soundness standards
18 with respect to the enterprises and the Federal home loan
19 banks pursuant to the same authority under section 39
20 of the Federal Deposit Insurance Act (12 U.S.C. 1831s)
21 and that shall have the same force and effect with respect
22 to the enterprises and the Federal home loan banks as
23 is provided under such section for safety and soundness
24 standards prescribed by the appropriate Federal banking
25 agencies for insured depository institutions.”; and

1 (2) by striking the designation and heading for
2 such subtitle and for part 1 of such subtitle and in-
3 serting the following:

4 **“Subtitle A—Supervision and**
5 **Regulation**

6 **“PART 1—ESTABLISHMENT OF REGULATOR”.**

7 (b) CONFORMING AMENDMENTS TO HOUSING AND
8 COMMUNITY DEVELOPMENT ACT OF 1992.—Title XIII of
9 the Housing and Community Development Act of 1992
10 is amended—

11 (1) in section 1361(f) (12 U.S.C. 4611(f)), by
12 inserting “of the Treasury” after “Secretary”;

13 (2) in section 1367(c) (12 U.S.C. 4617(c)), by
14 striking paragraph (1); and

15 (3) by striking section 1383 (12 U.S.C. 1451
16 note).

17 (c) AMENDMENTS TO FEDERAL NATIONAL MORT-
18 GAGE ASSOCIATION CHARTER ACT.—The Federal Na-
19 tional Mortgage Association Charter Act (12 U.S.C. 1716
20 et seq.) is amended by striking “Director of the Office of
21 Federal Housing Enterprise Oversight of the Department
22 of Housing and Urban Development” each place such
23 term appears and inserting “Director of the Office of
24 Housing Finance Oversight of the Department of the
25 Treasury” in—

1 (1) section 303(c)(2) (12 U.S.C. 1718(c)(2));

2 (2) section 309(d)(3)(B) (12 U.S.C.
3 1723a(d)(3)(B)); and

4 (3) section 309(k)(1).

5 (d) AMENDMENTS TO FEDERAL HOME LOAN MORT-
6 GAGE CORPORATION ACT.—The Federal Home Loan
7 Mortgage Corporation Act is amended—

8 (1) by striking “Director of the Office of Fed-
9 eral Housing Enterprise Oversight of the Depart-
10 ment of Housing and Urban Development” each
11 place such term appears and inserting “Director of
12 the Office of Housing Finance Oversight of the De-
13 partment of the Treasury” in—

14 (A) section 303(b)(2) (12 U.S.C.
15 1452(b)(2));

16 (B) section 303(h)(2) (12 U.S.C.
17 1452(h)(2)); and

18 (C) section 307(c)(1) (12 U.S.C.
19 1456(c)(1)); and

20 (2) in section 306(i) (12 U.S.C. 1455(i))—

21 (A) by striking “section 1316(c)” and in-
22 serting “section 306(c)”; and

23 (B) by striking “section 106” and insert-
24 ing “section 1316”.

1 (e) AMENDMENT TO TITLE 18, UNITED STATES
 2 CODE.—Section 1905 of title 18, United States Code, is
 3 amended by striking “Office of Federal Housing Enter-
 4 prise Oversight” and inserting “Office of Housing Finance
 5 Oversight of the Department of the Treasury”.

6 (f) AMENDMENTS TO FLOOD DISASTER PROTECTION
 7 ACT OF 1973.—Section 102(f)(3)(A) of the Flood Dis-
 8 aster Protection Act of 1973 (42 U.S.C. 4012a) is amend-
 9 ed by striking “Director of the Office of Federal Housing
 10 Enterprise Oversight of the Department of Housing and
 11 Urban Development” and inserting “Director of the Office
 12 of Housing Finance Oversight of the Department of the
 13 Treasury”.

14 **SEC. 103. CHARTER COMPLIANCE OF ENTERPRISES.**

15 (a) AUTHORITY OF DIRECTOR.—Part 2 of subtitle A
 16 of title XIII of the Housing and Community Development
 17 Act of 1992 (12 U.S.C. 4541 et seq.) is amended—

18 (1) by striking the designation and heading for
 19 the part and subpart A and inserting the following:

20 **“PART 2—CHARTER COMPLIANCE AUTHORITY**

21 **“Subpart A—Authority of Director”;**

22 (2) by striking section 1321 (12 U.S.C. 4541);

23 (3) in section 1328—

24 (A) in the section heading, by striking “**BY**
 25 **SECRETARY**”; and

1 (B) by striking “Banking, Finance and
2 Urban Affairs” and inserting “Financial Serv-
3 ices”; and

4 (4) in subpart A, by striking “Secretary” each
5 place such term appears (except in section 1324)
6 and inserting “Director”.

7 (b) AUTHORITY OF SECRETARY OF HUD FOR HOUS-
8 ING GOALS.—

9 (1) IN GENERAL.—Section 1331 of the Housing
10 and Community Development Act of 1992 (12
11 U.S.C. 4561) is amended—

12 (A) in the first sentence of subsection (a),
13 by inserting “of Housing and Urban Develop-
14 ment” after “The Secretary”; and

15 (B) by adding at the end the following new
16 subsection:

17 “(d) DEFINITION.—For purposes of this part and
18 subpart B, the term ‘Secretary’ means the Secretary of
19 Housing and Urban Development.”.

20 (2) ANNUAL REPORT ON HOUSING GOALS.—
21 Section 1324 of the Housing and Community Devel-
22 opment Act of 1992 (12 U.S.C. 4544) is amended
23 by inserting “of Housing and Urban Development”
24 after “Secretary”, each place such term appears.

1 (c) AMENDMENTS TO FEDERAL NATIONAL MORT-
2 GAGE ASSOCIATION CHARTER ACT.—The Federal Na-
3 tional Mortgage Association Charter Act is amended—

4 (1) in section 302(b)(6) (12 U.S.C.
5 1717(b)(6)), by striking “Secretary” and inserting
6 “Director of the Office of Housing Finance Over-
7 sight of the Department of the Treasury”;

8 (2) in section 309(m) (12 U.S.C. 1723a(m))—

9 (A) in paragraph (1), in the matter pre-
10 ceeding subparagraph (A), by striking “Sec-
11 retary” the first place such term appears and
12 inserting “Director of the Office of Housing Fi-
13 nance Oversight of the Department of the
14 Treasury”; and

15 (B) by striking “Secretary” each other
16 place such term appears and inserting “Direc-
17 tor”; and

18 (3) in section 309(n) (12 U.S.C. 1723a(n))—

19 (A) in paragraph (1)—

20 (i) by inserting “the Director of the
21 Office of Housing Finance Oversight of the
22 Department of the Treasury,” after “Sen-
23 ate,”; and

1 (ii) by inserting “of Housing and
 2 Urban Development” after “Secretary”;
 3 and

4 (B) in paragraphs (2) and (3), by striking
 5 “Secretary” each place such term appears, and
 6 inserting “Director”.

7 (d) AMENDMENTS TO FEDERAL HOME LOAN MORT-
 8 GAGE CORPORATION ACT.—The Federal Home Loan
 9 Mortgage Corporation Act is amended—

10 (1) in section 305(c) (12 U.S.C. 1454(c)), by
 11 striking “Secretary” and inserting “Director of the
 12 Office of Housing Finance Oversight of the Depart-
 13 ment of the Treasury”;

14 (2) in section 307(e) (12 U.S.C. 1456(e))—

15 (A) in paragraph (1), in the matter pre-
 16 ceding subparagraph (A), by striking “Sec-
 17 retary” the first place such term appears and
 18 inserting “Director of the Office of Housing Fi-
 19 nance Oversight of the Department of the
 20 Treasury”; and

21 (B) by striking “Secretary” each other
 22 place such term appears and inserting “Direc-
 23 tor”; and

24 (3) in section 307(f) (12 U.S.C. 1456(f))—

25 (A) in paragraph (1)—

1 (i) by inserting “the Director of the
 2 Office of Housing Finance Oversight of the
 3 Department of the Treasury,” after “Sen-
 4 ate,”; and

5 (ii) by inserting “of Housing and
 6 Urban Development” after “Secretary”;
 7 and

8 (B) in paragraphs (2) and (3), by striking
 9 “Secretary” each place such term appears, and
 10 inserting “Director”.

11 (e) AMENDMENTS TO HOUSING AND COMMUNITY
 12 DEVELOPMENT ACT OF 1980.—The Housing and Com-
 13 munity Development Act of 1980 is amended—

14 (1) in section 330 (12 U.S.C. 1723a note)—

15 (A) by striking “Secretary of Housing and
 16 Urban Development or the Secretary of the
 17 Treasury” each place such term appears and
 18 inserting “Director of the Office of Housing Fi-
 19 nance Oversight of the Department of the
 20 Treasury”; and

21 (B) by striking “, as the case may be,”;
 22 and

23 (2) in subsections (a)(2) and (b)(2) of section
 24 339 (12 U.S.C. 1717 note), by striking “Secretary
 25 of Housing and Urban Development” each place

1 such term appears and inserting “Director of the
 2 Office of Housing Finance Oversight of the Depart-
 3 ment of the Treasury”.

4 (f) CONFORMING AMENDMENT.—Part 3 of subtitle A
 5 of title XIII of the Housing and Community Development
 6 Act of 1992 (Public Law 102–550; 106 Stat. 3969) is
 7 hereby repealed.

8 **SEC. 104. SUPERVISION OF FEDERAL HOME LOAN BANK**
 9 **SYSTEM.**

10 (a) FEDERAL HOME LOAN BANK ACT.—The Federal
 11 Home Loan Bank Act is amended—

12 (1) in section 2 (12 U.S.C. 1422), by striking
 13 paragraph (1) and inserting the following new para-
 14 graph:

15 “(1) DIRECTOR.—The term ‘Director’ means
 16 the Director of the Office of Housing Finance Over-
 17 sight of the Department of the Treasury established
 18 under title XIII of the Housing and Community De-
 19 velopment Act of 1992 (12 U.S.C. 4501 et seq.).”;

20 (2) by striking section 2A (12 U.S.C. 1422a)
 21 and inserting the following new section:

22 **“SEC. 2A. SUPERVISION AND REGULATION OF BANKS.**

23 “The Federal home loan banks shall, to the extent
 24 provided in title XIII of the Housing and Community De-
 25 velopment Act of 1992 (12 U.S.C. 4501 et seq.) and this

1 Act, be subject to the supervision and regulation of the
 2 Director of the Office of Housing Finance Oversight of
 3 the Department of the Treasury.”;

4 (3) in section 2B (12 U.S.C. 1422b)—

5 (A) in the section heading, by striking
 6 “**POWERS AND DUTIES**” and inserting “**EN-**
 7 **FORCEMENT AUTHORITY OF DIRECTOR**”;

8 (B) in subsection (a)—

9 (i) by striking all of the matter that
 10 precedes paragraph (1) and inserting the
 11 following:

12 “The Director shall have the following powers:”;

13 (ii) by striking paragraphs (3) and
 14 (4); and

15 (iii) by redesignating paragraphs (5),
 16 (6), and (7) as paragraphs (3), (4), and
 17 (5), respectively; and

18 (C) by striking subsections (b), (c), and
 19 (d);

20 (4) in section 8, in the section heading, by
 21 striking “**BY THE BOARD**”;

22 (5) in section 21 (12 U.S.C. 1441)—

23 (A) in subsection (b), in the heading for
 24 paragraph (8), by striking “FEDERAL HOUSING

1 FINANCE BOARD” and inserting “DIRECTOR”;
2 and

3 (B) in subsection (i), in the heading for
4 paragraph (2), by striking “FEDERAL HOUSING
5 FINANCE BOARD” and inserting “DIRECTOR”;

6 (6) in section 23 (12 U.S.C. 1443), by striking
7 “Board of Directors of the Federal Housing Finance
8 Board” and inserting “Director”;

9 (7) by striking “the Finance Board” each place
10 it appears and inserting “the Director”;

11 (8) by striking “Federal Housing Finance
12 Board” each place it appears and inserting “Direc-
13 tor”;

14 (9) by striking “the Board” each place such
15 term appears (except in subsections (a), (k)(2)(B)(i),
16 and (n)(6)(C)(ii) of section 21A (12 U.S.C. 1441a),
17 subsections (e)(7)(A) and (k)(7) of section 21B (12
18 U.S.C. 1441b), and the first two places such term
19 appears in section 22 (12 U.S.C. 1442)), and insert-
20 ing “the Director”;

21 (10) by striking “The Board” each place such
22 term appears and inserting “The Director”;

23 (11) by striking “the Board’s” each place such
24 term appears and inserting “the Director’s”; and

1 (12) by striking “The Board’s” each place such
2 term appears and inserting “The Director’s”.

3 (b) FINANCING CORPORATION.—The amendments
4 made by this title shall not affect the appointment or term
5 of any member, or of the chairperson, of the Directorate
6 of the Financing Corporation who is serving on the date
7 such amendments take effect.

8 (c) REFERENCES TO FHFB.—Any reference in any
9 Federal law enacted before the date of the enactment of
10 this Act to the Federal Housing Finance Board shall be
11 treated as referring to the Director of the Office of Hous-
12 ing Finance Oversight of the Department of the Treasury.

13 (d) TECHNICAL AMENDMENT.—Section 111 of Pub-
14 lic Law 93–495 (12 U.S.C. 250) is amended by striking
15 “Federal Housing Finance Board” and inserting “Direc-
16 tor of the Office of Housing Finance Oversight of the De-
17 partment of the Treasury”.

18 **SEC. 105. AMENDMENTS TO TITLE 5, UNITED STATES CODE.**

19 (a) EXECUTIVE SCHEDULE PAY RATES.—Sub-
20 chapter II of chapter 53 of title 5, United States Code,
21 is amended—

22 (1) in section 5313, by striking the item relat-
23 ing to the Director of the Office of Federal Housing
24 Enterprise Oversight, Department of Housing and

1 Urban Development and inserting the following new
2 item:

3 “Director of the Office of Housing Finance
4 Oversight, Department of the Treasury.”;

5 (2) in section 5314, by striking the item relat-
6 ing to the Chairperson of the Federal Housing Fi-
7 nance Board; and

8 (3) in section 5315, by striking the item relat-
9 ing to the Directors, Federal Housing Finance
10 Board.

11 (b) DEFINITION OF AGENCY.—Section
12 3132(a)(1)(D) of title 5, United States Code, is amend-
13 ed—

14 (1) by striking “the Federal Housing Finance
15 Board,”; and

16 (2) by striking “Office of Federal Housing En-
17 terprise Oversight of the Department of Housing
18 and Urban Development” and inserting “Office of
19 Housing Finance Oversight of the Department of
20 the Treasury”.

21 **SEC. 106. FINANCIAL INSTITUTIONS EXAMINATION COUN-**
22 **CIL.**

23 The Federal Financial Institutions Examination
24 Council Act of 1978 is amended—

25 (1) in section 1003 (12 U.S.C. 3302)—

1 (A) in paragraph (1), by inserting “Direc-
2 tor of the Office of Housing Finance Oversight
3 of the Department of the Treasury,” after “Su-
4 pervision,”; and

5 (B) in paragraph (3), by striking “or a
6 credit union;” and inserting “a credit union, a
7 Federal home loan bank, or an enterprise (as
8 such term is defined in section 1303 of the
9 Housing and Community Development Act of
10 1992 (12 U.S.C. 4502)).”;

11 (2) in section 1004 (12 U.S.C. 3303)—

12 (A) in paragraph (4), by inserting a semi-
13 colon at the end;

14 (B) by redesignating paragraph (5) as
15 paragraph (6); and

16 (C) by inserting after paragraph (4) the
17 following new paragraph:

18 “(5) the Director of the Office of Housing Fi-
19 nance Oversight of the Department of the Treasury;
20 and”; and

21 (3) in section 1006(d) (12 U.S.C. 3305(d)), by
22 striking “and employees of the Federal Housing Fi-
23 nance Board”.

1 **SEC. 107. EFFECTIVE DATE.**

2 Except as specifically provided otherwise in this title,
3 the amendments made by this title shall take effect on,
4 and shall apply beginning on, the expiration of the 6-
5 month period beginning on the date of the enactment of
6 this Act.

7 **TITLE II—TRANSFER OF FUNC-**
8 **TIONS, PERSONNEL, AND**
9 **PROPERTY**

10 **SEC. 201. ABOLISHMENT OF OFHEO AND FEDERAL HOUS-**
11 **ING FINANCE BOARD.**

12 (a) IN GENERAL.—Effective upon the effective date
13 under section 107, the following entities and positions are
14 abolished:

15 (1) The Office of Federal Housing Enterprise
16 Oversight of the Department of Housing and Urban
17 Development and the positions of the Director and
18 Deputy Director of such Office.

19 (2) The Federal Housing Finance Board, any
20 Office within such Board (including the Office of Fi-
21 nance), and the Board of Directors of such Board.

22 (b) DISPOSITION OF AFFAIRS.—

23 (1) IN GENERAL.—During the period beginning
24 on the date of the enactment of this Act and ending
25 on the effective date under section 107, the Director
26 of the Office of Federal Housing Enterprise Over-

1 sight and the Chairperson of the Federal Housing
2 Finance Board shall, solely for the purpose of wind-
3 ing up the affairs of the Office of Federal Housing
4 Enterprise Oversight and the Federal Housing Fi-
5 nance Board, respectively—

6 (A) manage the employees of such Office
7 and Board and provide for the payment of the
8 compensation and benefits of any such em-
9 ployee which accrue before the effective date of
10 the transfer of such employee pursuant to sec-
11 tion 203; and

12 (B) take any other action necessary for the
13 purpose of winding up the affairs of the Office
14 and the Board.

15 (c) STATUS OF EMPLOYEES BEFORE TRANSFER.—
16 The amendments made by title I and the abolishment of
17 the Office of Federal Housing Enterprise Oversight and
18 the Federal Housing Finance Board under subsection (a)
19 of this section may not be construed to affect the status
20 of any employee of such Office or Board as employees of
21 an agency of the United States for purposes of any other
22 provision of law before the effective date of the transfer
23 of any such employee pursuant to section 203.

24 (d) USE OF PROPERTY AND SERVICES.—

1 (1) PROPERTY.—The Director of the Office of
2 Housing Finance Oversight of the Department of
3 the Treasury may use the property of the Office of
4 Federal Housing Enterprise Oversight and the Fed-
5 eral Housing Finance Board to perform functions
6 which have been transferred to such Director for
7 such time as is reasonable to facilitate the orderly
8 transfer of functions transferred pursuant to any
9 other provision of this Act or any amendment made
10 by this Act to any other provision of law.

11 (2) AGENCY SERVICES.—Any agency, depart-
12 ment, or other instrumentality of the United States
13 (including any Federal home loan bank), and any
14 successor to any such agency, department, or instru-
15 mentality, which was providing supporting services
16 to the Office of Federal Housing Enterprise Over-
17 sight or the Federal Housing Finance Board before
18 the expiration of the period under subsection (a) in
19 connection with functions that are transferred to the
20 Director of the Office of Housing Finance Oversight
21 of the Department of the Treasury shall—

22 (A) continue to provide such services, on a
23 reimbursable basis, until the transfer of such
24 functions is complete; and

1 (B) consult with any such agency to co-
2 ordinate and facilitate a prompt and reasonable
3 transition.

4 (e) SAVINGS PROVISIONS RELATING TO FHFB.—

5 (1) EXISTING RIGHTS, DUTIES, AND OBLIGA-
6 TIONS NOT AFFECTED.—Subsection (a) shall not af-
7 fect the validity of any right, duty, or obligation of
8 the United States, the Federal Housing Finance
9 Board, or any other person, which—

10 (A) arises under or pursuant to the Fed-
11 eral Home Loan Bank Act or any other provi-
12 sion of law applicable with respect to such
13 Board; and

14 (B) existed on the day before the abolish-
15 ment under subsection (a) of this section.

16 (2) CONTINUATION OF SUITS.—No action or
17 other proceeding commenced by or against the Fed-
18 eral Housing Finance Board, or any Federal home
19 loan bank with respect to any function of the Board
20 which was delegated to employees of such bank,
21 shall abate by reason of the enactment of this Act,
22 except that the Director of the Office of Housing Fi-
23 nance Oversight of the Department of the Treasury
24 shall be substituted for the Federal Housing Fi-

1 nance Board or the Federal home loan bank as a
2 party to any such action or proceeding.

3 (f) SAVINGS PROVISIONS RELATING TO OFHEO.—

4 (1) EXISTING RIGHTS, DUTIES, AND OBLIGA-
5 TIONS NOT AFFECTED.—Subsection (a) shall not af-
6 fect the validity of any right, duty, or obligation of
7 the United States, the Director of the Office of Fed-
8 eral Housing Enterprise Oversight, or any other per-
9 son, which—

10 (A) arises under or pursuant to title XIII
11 of the Housing and Community Development
12 Act of 1992, the Federal National Mortgage
13 Association Charter Act, the Federal Home
14 Loan Mortgage Corporation Act, or any other
15 provision of law applicable with respect to such
16 Office; and

17 (B) existed on the day before the abolish-
18 ment under subsection (a) of this section.

19 (2) CONTINUATION OF SUITS.—No action or
20 other proceeding commenced by or against the Di-
21 rector of the Office of Federal Housing Enterprise
22 Oversight shall abate by reason of the enactment of
23 this Act, except that the Director of the Office of
24 Housing Finance Oversight of the Department of

1 the Treasury shall be substituted for the Director as
2 a party to any such action or proceeding.

3 **SEC. 202. CONTINUATION AND COORDINATION OF CERTAIN**
4 **REGULATIONS.**

5 All regulations, orders, determinations, and resolu-
6 tions that—

7 (1) were issued, made, prescribed, or allowed to
8 become effective by—

9 (A) the Office of Federal Housing Enter-
10 prise Oversight;

11 (B) the Federal Housing Finance Board;

12 (C) the Secretary of Housing and Urban
13 Development and that relate to the Secretary's
14 authority under title XIII of the Housing and
15 Community Development Act of 1992, the Fed-
16 eral National Mortgage Association Charter
17 Act, or the Federal Home Loan Mortgage Cor-
18 poration Act; or

19 (D) a court of competent jurisdiction and
20 that relate to functions transferred by this Act;
21 and

22 (2) are in effect on the date of the abolishment
23 under section 201(a) of this Act,

24 shall remain in effect according to the terms of such regu-
25 lations, orders, determinations, and resolutions and shall

1 be enforceable by or against the Director of the Office of
2 Housing Finance Oversight of the Department of the
3 Treasury until modified, terminated, set aside, or super-
4 seded in accordance with applicable law by such Director,
5 any court of competent jurisdiction, or operation of law.

6 **SEC. 203. TRANSFER AND RIGHTS OF EMPLOYEES OF ABOL-**
7 **ISHED AGENCIES.**

8 (a) TRANSFER.—Each employee of the Office of Fed-
9 eral Housing Enterprise Oversight and each employee of
10 the Federal Housing Finance Board shall be transferred
11 to the Office of Housing Finance Oversight of the Depart-
12 ment of the Treasury for employment no later than the
13 date of the abolishment under section 201(a) of this Act
14 and such transfer shall be deemed a transfer of function
15 for the purpose of section 3503 of title 5, United States
16 Code.

17 (b) GUARANTEED POSITIONS.—Each employee trans-
18 ferred under subsection (a) shall be guaranteed a position
19 with the same status, tenure, grade, and pay as that held
20 on the day immediately preceding the transfer. Each such
21 employee holding a permanent position shall not be invol-
22 untarily separated or reduced in grade or compensation
23 for 18 months after the date of transfer, except for cause
24 or, if the employee is a temporary employee, separated in
25 accordance with the terms of the appointment.

1 (c) APPOINTMENT AUTHORITY FOR EXCEPTED AND
2 SENIOR EXECUTIVE SERVICE EMPLOYEES.—

3 (1) IN GENERAL.—In the case of employees oc-
4 cupying positions in the excepted service or the Sen-
5 ior Executive Service, any appointment authority es-
6 tablished pursuant to law or regulations of the Of-
7 fice of Personnel Management for filling such posi-
8 tions shall be transferred, subject to paragraph (2).

9 (2) DECLINE OF TRANSFER.—The Director of
10 the Office of Housing Finance Oversight of the De-
11 partment of the Treasury may decline a transfer of
12 authority under paragraph (1) (and the employees
13 appointed pursuant thereto) to the extent that such
14 authority relates to positions excepted from the com-
15 petitive service because of their confidential, policy-
16 making, policy-determining, or policy-advocating
17 character, and noncareer positions in the Senior Ex-
18 ecutive Service (within the meaning of section
19 3132(a)(7) of title 5, United States Code).

20 (d) REORGANIZATION.—If the Director of the Office
21 of Housing Finance Oversight of the Department of the
22 Treasury determines, after the end of the 1-year period
23 beginning on the date the transfer of functions to such
24 Office is completed, that a reorganization of the combined
25 workforce is required, that reorganization shall be deemed

1 a major reorganization for purposes of affording affected
2 employees retirement under section 8336(d)(2) or
3 8414(b)(1)(B) of title 5, United States Code.

4 (e) EMPLOYEE BENEFIT PROGRAMS.—Any employee
5 accepting employment with the Office of Housing Finance
6 Oversight of the Department of the Treasury as a result
7 of such transfer may retain, for 18 months after the date
8 such transfer occurs, membership in any employee benefit
9 program of the Federal Housing Finance Board or the
10 Office of Federal Housing Enterprise Oversight, as appli-
11 cable, including insurance, to which such employee belongs
12 on the date of the abolishment under section 201(a) if—

13 (1) the employee does not elect to give up the
14 benefit or membership in the program; and

15 (2) the benefit or program is continued by the
16 Director of the Office of Housing Finance Oversight.

17 The difference in the costs between the benefits which
18 would have been provided by such agency or entity and
19 those provided by this section shall be paid by the Director
20 of the Office of Housing Finance Oversight. If any em-
21 ployee elects to give up membership in a health insurance
22 program or the health insurance program is not continued
23 by such Director, the employee shall be permitted to select
24 an alternate Federal health insurance program within 30

1 days of such election or notice, without regard to any other
2 regularly scheduled open season.

3 (f) SENIOR EXECUTIVE SERVICE EMPLOYEES.—A
4 transferring employee in the Senior Executive Service
5 shall be placed in a comparable position at the agency or
6 entity to which such employee is transferred.

7 (g) NOTICE OF POSITIONS.—Transferring employees
8 shall receive notice of their position assignments not later
9 than 120 days after the effective date of their transfer.

10 **SEC. 204. TRANSFER OF PROPERTY AND FACILITIES.**

11 Upon the abolishment under section 201(a), all prop-
12 erty of the Office of Federal Housing Enterprise Oversight
13 and the Federal Housing Finance Board shall transfer to
14 the Director of the Office of Housing Finance Oversight
15 of the Department of the Treasury.

○